

North Carolina is a strong County Manager/Administrator state. Nearly all 100 of North Carolina's counties (99 to be precise) employ the council-manager form of government. Only one county—Jackson—elects a full time manager and even this county is in the process of hiring a new manager. Graham County has a full-time manager, but elected commissioners have served as full-time, interim manager on a basis in recent years.

Measure 2: Governmental efficiency

State and local governments in North Carolina are relatively efficient, at least in terms of aggregate expenditures. In 2000, N.C. had the 34th highest state and local government expenditures per 10,000 residents. This indicates that N.C. spends less on public services than most other states. However, N.C. also had the 19th most state employees and the 28th most local government employees per capita, an indication that N.C. may lag behind other states in its outsourcing efforts.

Measure 3: Fiscal health

Bond ratings from the national credit rating agencies serve as bedrock indicators of the fiscal health of governments. Ratings demonstrate the ability to repay debt, and a high rating enables a government to issue debt at a lower interest rate, providing a cost savings. Bond ratings tend to create more interest from investors, and a higher rating can generate a lower overall issuance cost. Credit ratings are needed only when debt is issued.

Rating agencies view the big picture in establishing credit ratings. The determining factors include reviewing the economic base, financial indicators, (accounting and reporting methods, revenue and expenditures, operating and budgetary performance), debt factors and administrative factors. Additional weight is placed on management as a deciding factor in final ratings. "The management or administrative structure of a government will move a rating up or down probably more significantly and swiftly than any other element of a credit review."⁶⁶⁴

North Carolina has a proud record of maintaining a "AAA" bond rating with the major national rating agencies. The three national credit rating agencies (Fitch, Moody's, and Standard & Poors) have consistently awarded the State of North Carolina their highest rating since 1963. If ever there were a case of "steady as s/he goes" this is it! While considered conservative investments by many, the record of prudent investments by the State is hard to argue with, and is the envy of many other states. So, maintaining high bond ratings remains a major point of measuring our fiscal health. The state does not report the accuracy of its revenue forecasts or the degree to which actual expenditures stay within budget, but this would